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TESTIMONY SUBMITTED BY:

ELIJAH SMITH

CHAIRMAN, COUNCIL FOR YUKON INDIANS

FOR THE MACKENZIE VALLEY PIPELINE HEARINGS

CONDUCTED BY COMMISSIONER THOMAS BERGER

REGARDING

RECOMMENDATIONS TO THE COMMISSIONER

BY THE COUNCIL FOR YUKON INDIANS

Mr. Commissioner:

My name is Elijah Smith and I reside in Whitehorse, Yukon Territory. I am here today as Chairman of the Council for Yukon Indians for the purpose of describing to you the up to date position of the Council for Yukon Indians as it relates to your Inquiry. We will discuss the building of a pipeline in the North and the ultimate operation and ownership of that pipeline.

The Council for Yukon Indians is a Society made up of all Indian people with ancestral rights in the land in the Yukon. Its main job is to negotiate a land claim settlement with the Government of Canada. Building a pipeline across our land is a matter of grave concern.

The principal reason for me appearing at your Inquiry at this time is to be assured that in a summarized form, the position of the Council is reinforced before your hearings end. Secondly, it is to present a recommendation to you, Mr. Commissioner, which may resolve many of the conflicts which have become apparent in the past year among the varying interest groups over this proposed pipeline. We want to place the entire project in a slightly different but more workable framework, and we want to assure all people in the North that the philosophy behind the terms and conditions which you will impose will be carried out happily rather than reluctantly. This will make the policing of the project over its construction period and years of operation much easier and less costly.



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I wish to, first of all, clearly set out the position of the Council for Yukon Indians. It is:

- (1) That the Council shall oppose any pipeline construction in the Yukon Territory no matter where the route until a land claim settlement is made.
- (2) That a pipeline in an area which will hurt in a direct way the Old Crow people whether socially, economically or environmentally, will be opposed. This includes a pipeline along the North Slope as it will have a detrimental affect upon the caribou herds in that area. This objection as to routing will continue even after land claims settlement unless the people of Old Crow tell us they approve.
- (3) At such time as the land claims are settled, there will be a need to review the entire relationship between the Indian people and the non-Indian people in the North, as well as the relationship between northern local residents and their southern neighbours. And there will be a need to set a policy for foreign corporations in future development in the North.

There are short and long term damages in building and maintaining a gas pipeline. We are also sure that the route picked for the gas pipeline will also be the route for a future oil line as there is little doubt that an oil line will be required as well.

For any person to blindly isolate this gas line and assume no other line will go down that same route is to hide from the facts.

We are not about to allow anyone to construct a gas line along a route which may be acceptable as a gas line route but unacceptable as an oil line route.

The Council is aware that there will be many problems in developing a gas line through the North no matter which route is chosen. These problems will be social, economic and environmental in nature. After construction, more problems will occur during the period of operation of the line. It is not suggested that all problems can be identified at this time but we would like to discuss some of the more obvious ones.

- (i) Traditionally, construction of pipelines or any other kind of major construction in an isolated area has created daily problems which could not be expected. To set out guidelines and terms and conditions under which the contractors must operate to overcome unknown future problems is impossible.
- (ii) There will be difficulties of a continuing nature trying to fairly involve northern residents in the construction of the pipeline. Northerners will generally feel that they have not been given a fair chance to participate in the construction.

- (iii) During the operation phase of the pipeline, Northerners again will feel that they have not been given an opportunity to participate as much as they would like.
- (iv) Northerners in particular, and Canadians in general, will believe they have allowed a foreign multi-national corporation to develop an industry in their Northland with no participation or sharing of profits by Canadians unless the corporation doing the job and owning the pipeline is clearly Canadian.
- (v) There is a problem which we understand the Governments of both Canada and the United States of America are having in relation to attempting to control multi-national corporations in such a manner as to make them more responsive to the policies of these Governments.

The main concern of Governments in reference to multi-national corporations is that they integrate an industry to the extent that it is controlled in every one of its phases by the same group of people. In the case of oil and gas, we understand the majority of the corporations exploring for oil and gas, those corporations owning the known oil and gas wells, and the corporations with interests in Canadian Arctic Gas Systems Limited, one of the applicants herein, are interrelated. We further understand that the corporation or corporations which will be taking the gas and oil from the other end of the gas line built will

also be interrelated with the others, as will the ultimate distributor and retailer of the gas.

This total integration is in our view, and I am sure in the view of most Canadians, detrimental to our best interests. It would be much more beneficial to have a corporation transporting the gas which is independent of the producers or ultimate retailers.

- (vi) The route of the pipeline is extremely important as the impact of the pipeline can be partially controlled by the route and partially controlled by the location of staging areas.

RECOMMENDATIONS:

Our aim is to overcome the obvious problems set out above and to try to assist you, Mr. Commissioner, in creating a set of directions and terms and conditions which will have built-in safeguards that will solve the future problems without undue hardship, discussion or enforcement.

The Indian people in the North are the ones who will be most directly affected by a gas pipeline in a detrimental manner as it is over their land which the pipeline must be built; it is the Indian people who are still receiving their livelihood from the land and, therefore, depend upon it; and it is the Indian people who are the least wealthy in the North.

We recommend that after you recognize our basic rights to a land claim settlement as we have stated earlier, that as a part of your decision and recommendations to the Government of Canada you, Mr. Commissioner, suggest the permit applied for to build a gas

pipeline be granted not to the successful applicant directly but to that successful applicant on the condition that it incorporate a new public company in which the majority of the voting shares shall be held by the Native people over whose land the pipeline will be built; that a minority percentage of the shares shall be held by the successful applicant; that a minority of shares shall be available to the Canadian citizen for investment purposes and that a very small percentage of the shares shall be held by the Government of Canada.

The reason for suggesting such a corporation is to overcome the obvious difficulties which we foresee in the future in building a gas pipeline in the North. If the Indian people are in control of the actual construction of the pipeline, they will be prepared to require contractors on a daily basis to live up to standards which the outside construction corporation may not feel is necessary as its commitment is not as great as ours to protect the land. We have many times seen construction companies, large and small, work in the North. They live up to those rules that are enforced and cut corners when the authorities are not watching because they are leaving after the job is done and don't have to live with the result.

The Indian people would choose a route, staging areas, borrow pits, campsites, and set out terms and conditions for contractors, subcontractors and individual workers that would protect the environment and the social well being of the residents while construction was going on.

The Indian people would be able to realistically involve northern residents in the construction, maintenance and operation of the gas pipeline in such a manner that outsiders could not do. The outsiders would not be able to assess clearly the capabilities of the Indian people and other northerners in the construction or maintenance of the line and would make errors both ways, that is, being too lenient and too harsh.

The knowledge of the Indian people of these capabilities and of the people will allow them to involve northerners much easier.

The corporation would be Canadian owned and controlled and would effectively remove multi-national corporations from having a totally integrated industry in Northern Canada. This will be beneficial to all Canadians and accomplishing this should be a matter of extreme concern to them at this time.

The funding of this corporation and the payment for the majority shares are questions which we are sure everyone is asking themselves at this point.

As the Indian people own the right-of-way for any gas line, it is obvious that their contribution will be very significant in the event they contribute a route to the company.

The successful applicant who receives a minority interest in the corporation may suggest that its contribution of engineering expertise and millions of dollars spent to date should be matched by the Indian people in direct proportion to the shares held; or that the money spent should be repaid to the applicant by the new corporation. This is not so. The successful applicant must under-

stand that in such a joint venture it will receive considerable support and co-operation from the Indian people which would not be forthcoming under any other circumstances. The Indian people because of their unique position and numbers in the North will have the capability of saving the successful applicant much time and money in the development of the gas pipeline. This contribution should be considered as the payment by the Indian people for the shares which it will hold.

The successful applicant should be prepared to provide the expertise and technical knowledge necessary to build the line for a minority interest only.

Although the Council for Yukon Indians is not in the development field, it appears quite apparent that when a successful applicant receives a permit and there is an extreme demand for the product that is being transported, as in this case, the financial institutions in Canada and the rest of the world will not hesitate to lend the money to the corporation to build this pipeline. Therefore, we do not see it as a project which can only be built by some extremely wealthy multi-national corporation, but rather a project that can be built and owned by Canadian people by simply purchasing the expertise to build the line.

Canada is a rich nation. A few weeks ago it was announced Canadians had 33 Billion Dollars in their savings accounts in the various Chartered Banks in Canada. We do not need outside interests to exploit our North.

We have not discussed this proposition with the other Indian and Inuit groups who may be affected by a pipeline. We say to our aboriginal brothers, "Consider the proposition and see if it is not the answer to many of our problems on this pipeline question".

If the approach is the correct one, the details of exactly what percentage of interest each interest group would have, and exactly how the corporation would be operated and controlled, can be worked out.

Today we ask all applicants and interveners to consider the merits of our recommendation. As the next few months go by, Mr. Commissioner, you will have the opportunity to hear the views of Southern Canadians as you hold meetings across Canada. It is our hope they will express to you their views on this issue.

The Northern interest groups are largely represented here today and no doubt will let you know what they think.

We, the Negotiators for the Council for Yukon Indians, have not presented this corporate idea lightly as we are aware many people will take it as a compromise, which is not true. Others will criticize us and say we are just looking for a way to make a lot of money, which is also not true.

We are Indian people who have lived in poverty ever since the whiteman imposed his Government structure on us. At the same time, we have seen him change our land as he wishes. Today we are saying, the need for gas and oil in the world is great because you have built homes and factories and drive vehicles that need gas and

oil to keep going. We recognize that, but we also know we have to make a stand somewhere to stop you from destroying us and our land while you drain all our resources. This stand is a compromise which we hope will satisfy everybody a little bit.

During the construction phase the Indian people will be required to make the daily decisions that will change our environment, our villages and our economy. This is as it should be.

When the line is completed, the gas producers will get their products transported to market; Southern Canadians and our neighbours in the United States will receive the much needed gas; and the Government will have accomplished many of its aims, such as, tapping the Northern riches, involving Northerners in the operation, providing a means of involving Indian people in economic development over a long period of time in such a way that may even benefit them, minimizing the damage and eliminating the criticism that foreigners will benefit most from this development.

Finally, during the operating years of the gas line the Indian people, as well as other Canadians, will receive dividends and the route will be the site for more oil or gas lines and future roads. All of these new developments will be of direct benefit to Northerners if we are given the initial control of this line.

We see this huge development as the first of several transportation lines. How this one is constructed, maintained, controlled and owned will determine to a great extent what happens in the future.

We want Northerners to benefit, including Northern White people. They will if we are in control because they are our friends and neighbours and will be involved in the construction and maintenance. As well, they will benefit because the majority of the dividends from the corporation will stay in the North and be spent here.

Mr. Commissioner, consider carefully what we have said. It is the solution to most of your problems in this Inquiry and has far reaching benefits for all Canadians, even us in the North. No other proposal placed before you to date can do the same.

In closing, we wish to emphasize that it is not our desire to build a pipeline. We would prefer no pipeline at all. However, in the event the Government of Canada insists and directs one be built, we have made these recommendations.

Thank you.

